Financial Statement Audit Coverage Plan for Fiscal Years 2004/05 — 2006/07

November 2003

OFFICE OF THE
Auditor General
of British Columbia

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Ms. Jenny Kwan
Chair
Select Standing Committee on Public Accounts
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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Dear Madam Chair:

I have the honour to present to the Select Standing Committee on Public Accounts my Financial Statement Audit Coverage Plan for fiscal years 2004/05 – 2006/07 as required by section 10(6) of the Auditor General Act.

Wayne Strelioff

Wayne Strelioff, CA
Auditor General

Victoria, British Columbia
November 2003

copy: Mr. Craig James
Clerk of Committees
Legislative Assembly of British Columbia

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Introduction

In this report, I describe our Financial Statement Audit Coverage Plan for the fiscal years 2004/05 — 2006/07.

As the auditor of the government reporting entity, I am required to provide my opinion as to whether the Summary Financial Statements of the government of the Province of British Columbia are presented fairly. My opinion must be based on an examination that is conducted and reported in accordance with Canadian generally accepted auditing standards (GAAS).

The Summary Financial Statements represent one of the government's key accountability documents to the citizens of British Columbia. Those statements report on the province's financial results, against the financial plan. The Summary Financial Statements must be comprehensive, accurate, timely and independently verified to maintain the trust and confidence of all readers.

Under the provisions of the Budget Transparency and Accountability Act, the government is committed to preparing its Summary Financial Statements in accordance with Canadian generally accepted accounting principles (GAAP) beginning in the 2004/05 fiscal year.

One of the main changes that will occur when the GAAP are adopted fully will be the complete inclusion of schools, universities, colleges and institutes, and health care organizations (the SUCH sector) in the government reporting entity and in the Summary Financial Statements. The inclusion of these organizations in the Summary Financial Statements expands the government reporting entity considerably and also expands our audit universe significantly. Approximately 100 additional organizations will be included in the government reporting entity in the 2004/05 fiscal year.

My staff now conduct the audits of the consolidated revenue fund and several government organizations. I am the auditor of these government organizations mainly because, in past, the statutes creating the organizations identified the Auditor General as the auditor. There are exceptions, however. For example, we audit the Fraser Health Authority because I asked the board of the Authority to appoint me as their auditor and the board agreed.

The new Auditor General Act, passed in March of this year, provides more flexibility and facilitates a more rational distribution of audit responsibilities. I continue to be the auditor of the government's Summary Financial Statements and am eligible to be the auditor of the financial statements of any government organization or trust fund included in the government reporting entity. Each year I must provide the Public Accounts Committee with a plan for the appointment of auditors for government organizations and trust funds for the following three years. The Act provides certain privileges and restrictions in relation to my eligibility as auditor that must be respected in the plan.

The audit coverage plan that I present to the Committee must include:

- a list of government organizations and trust funds the Auditor General proposes to audit directly;
- a list of government organizations and trust funds for which the Auditor General proposes that other auditors be appointed;
- information about the involvement of the Auditor General in the audit of government organizations and trust funds for which other auditors are appointed;
- the results of consultations held with government organizations and trust funds;
- implications of the plan on the budget of the Auditor General; and
- information about the criteria and selection process to be used for the appointment of auditors for government organizations and trust funds.

The Auditor General Act requires the Public Accounts Committee to approve the plan, including any amendments the Committee makes to the plan before approving it.

Financial Statement Audit Coverage Plan for Fiscal Years 2004/05 – 2006/07

Proposed distribution of financial statement audit responsibilities for government organizations

The government's Summary Financial Statements include financial information from the financial statements of all the organizations included in the government reporting entity. At this time there are 155 government organizations and trust funds that will be included in the government reporting entity in 2004/05 and their financial statements will be consolidated in the government's Summary Financial Statements. Just under 100 of these organizations are in the SUCH sector and will be consolidated for the first time in 2004/05. Included in this number are several major groupings: school districts (60), universities (6), colleges and institutes (21), and health organizations (14).

My Financial Statement Audit Coverage Plan for the fiscal years 2004/05 through 2006/07 is summarized in Appendix A.

I propose to be the auditor of 25, 25 and 24 government organizations for the fiscal years 2004/05, 2005/06 and 2006/07 respectively. Conversely, auditors other than my office will audit 130, 128 and 128 government organizations in the fiscal years 2004/05, 2005/06 and 2006/07 respectively.

According to my proposed plan, my office will be the auditor of organizations in all sectors of government (social services, health, education, natural resources, transportation, protection of persons and property). Also, my office will be the auditor of organizations that are representative of a homogenous population (for example, school districts).

We also propose to be the auditor for, or at least to have a significant level of involvement in, the audits of organizations that:

- deliver a core service or have a significant public policy role;
- have a high level of public interest in the program/services being delivered or in current or future issues;

- depend heavily on government resources and have a high financial impact on the government;
- pose a high risk to the government in the terms of programs they operate or the role they fulfil; and
- are complex.

The government's move to adopting Canadian Generally Accepted Accounting Principles greatly expands the government reporting entity. In response to the newly expanded reporting entity, our plan lays out how the office will realign its audit emphasis. The Auditor General will undertake about the same number of financial statement audits but spread over a much larger universe. For example, we previously have not been involved in the financial statement audits of any school districts and we are now planning to be involved in this area.

Where the Auditor General is the auditor, we will augment our own staff resources with those of private sector firms. This will allow us to redeploy our own staff to extend our procedures in a number of organizations where private sector firms are the auditors.

Our plan is based on the concept that the Auditor General will undertake the financial statement audit of a particular government organization for only a limited period of time (not to exceed five years) before rotating to audit other organizations. The level of our involvement in financial statement audits overall will remain fairly constant from year to year.

The plan presented honours all of the arrangements government organizations now have with their auditors. Transition will occur only when current arrangements end, to achieve an orderly migration to any new arrangement.

The Auditor General Act allows the Auditor General to elect to be the auditor of a newly created government organization or trust fund for the first three years. The plan presented in Appendix A includes four organizations for which the Auditor General has made this election.

The basis of my plan is rooted solidly in professional standards. Both my profession and the Auditor General Act require me to follow Canadian generally accepted auditing standard (GAAS).

These standards require auditors to understand the operations of the organizations being audited, and the sources and risks of material misstatements in the financial records of those organizations. Auditors must plan, conduct and document the results of their examinations in a manner that meets or exceeds professional standards.

As the auditor reporting on the Summary Financial Statements, I am required by professional standards to have sufficient involvement and knowledge of the government reporting entity as a whole to discharge my responsibilities. According to GAAS, an auditor normally has sufficient involvement and knowledge if he or she audits the majority of total assets, liabilities, revenues or expenses. Alternatively, the auditor can achieve sufficient involvement and knowledge by extending his or her procedures as necessary, which usually requires the auditor to have access to management making major policy and financial decisions.

In the audit coverage plan I am proposing, I will not audit directly a significant portion of the government's total assets, liabilities, revenues or expenses. I will, however, be extending my procedures in 25, 27, and 27 government organizations for the fiscal years 2004/05, 2005/06 and 2006/07 respectively. This work will involve reviewing audit plans and files prepared by other auditors, determining how issues identified during the audit are resolved, and participating in communications with the audit committee.

Current auditing standards also require that I have knowledge and understanding of control environments, business practices and accounting issues of the organizations that are included in the Summary Financial Statements where I am not the primary auditor.

Procedures conducted by my Office will enable us to maintain an understanding of the issues facing various government sectors (or segments) and bring a consistent perspective to their resolution throughout the audit cycle. This work supplements the work of other auditors and neither duplicates the work they perform nor replaces the work they do.

Carrying out these extended procedures in cases where I am not the appointed auditor is an important part of the audit program,

providing me with the basis to sign the auditor's report on the Summary Financial Statements and meet my professional obligations. My proposed plan relies on this process working well.

Additionally, professional standards require that I be involved in the audits of all the organizations where I am relying on the work of another auditor. This involves my Office, at a minimum, confirming the appointed auditor's qualifications, communicating with the auditor on our intended reliance, reviewing the audited financial statements and considering the impact of any significant audit findings on the consolidated Summary Financial Statements of the government.

In summary, I believe my proposed audit coverage plan is the minimum required to permit me to sign the audit opinion for the government's Summary Financial Statements. The plan meets Canadian generally accepted auditing standards and involves considerable reliance on the work of other auditors (as permitted within professional standards).

Consultation process and results

We undertook a comprehensive consultation process on our proposed financial statement audit plan with all government organizations, including those we propose to audit and those we do not.

Our consultations were held with chairs of governance boards, chairs of audit committees, chief executive officers, and engagement partners from private sector auditing firms. In most cases, we consulted directly, in person or by phone. For school districts and colleges, however, which are numerous and geographically dispersed, we consulted through correspondence.

All government organizations we consulted with agreed with our proposal. Some asked for clarification, mainly because they were uncertain as to their status in regard to their inclusion in the government reporting entity. Also, some organizations asked questions about the relative roles of the Public Accounts Committee and the boards of directors in the appointment of financial statement auditors.

We still have a few consultations scheduled, awaiting availability of the participants. All of these, which we expect to complete soon, are with organizations where we are not proposing any change in audit arrangements in the coming year. By next year, the earliest date any change in auditor arrangements for these organizations is proposed, we will have completed the consultation process and will be able to report the results of those discussions to the Public Accounts Committee.

Impacts of the Financial Statement Audit Coverage Plan on the budget of the Auditor General

The proposed Financial Statement Audit Coverage Plan will have a small impact on the our budget.

The current practice of my Office is to charge organizations for financial statement audit services, on a cost basis. We monitor the fees charged by private sector firms for financial statement audit services and are confident that our costs are not above market rates.

As described above, the proposed audit coverage includes varying levels of involvement by my Office. Where I am the appointed auditor of an organization, we will continue to charge for our services. Where we are not the appointed auditor, but are required to extend our procedures to meet our professional standards, we will also charge for that work. The fee proposals we presented during the consultations we held with government organizations were accepted.

The level of involvement my Office has with organizations will change over time for each organization and therefore, so will the related fees. The proposed mix of appointed auditors for fiscal 2004/05 anticipates a small increase in our recoveries over fiscal 2003/04. Over the three-year period covered by this plan, we expect the recoveries to remain fairly consistent from year to year.

Administration of the auditor appointment process

The governance board of each government organization appoints its financial statement auditor—either the Auditor General, if approved by the Public Accounts Committee, or another auditor selected by the board. I will communicate the Committee's decision annually to the board of each government organization following approval of the Financial Statement Audit Coverage Plan by the Committee.

When the approved Financial Statement Audit Coverage Plan calls for a government organization to appoint an auditor from the private sector, I recommend the use of a competitive process (consistent with public sector procurement practices) to secure audit services that meet a board's needs and provide good value for money. I also recommend the adoption of selection criteria that assess auditor capability, audit strategy, and price.

My staff will assist boards and audit committees in the selection and appointment of auditors by providing:

- a template for a Request for Proposal, including a model Service Agreement for audit services,
- information about the availability of fee-for-service process support from the Purchasing Services group in the Ministry of Management Services.

My staff will be also be available to provide advice on specific issues or to participate actively, as an advisor, in the selection and appointment process.

As well, I will request that boards of government organizations include, in service agreements with their financial statement auditors, appropriate provisions for involvement of the Auditor General in the audit process.

Recommendations

I ask the Select Standing Committee on Public Accounts to approve the Financial Statement Audit Coverage Plan for the fiscal years 2004/05 — 2006/07, as presented in Appendix A of this report.

I ask the Select Standing Committee on Public Accounts to direct me to administer the auditor appointment process as described in this report.

Appendix A: Financial Statement Audit Coverage Plan for the fiscal years 2004/05–2006/07

Organization Name	Fiscal 2004/2005	Fiscal 2005/2006	Fiscal 2006/2007
	auditor	auditor	auditor
Colleges			
British Columbia Institute of Technology	**	**	**
Camosun College	**	**	
Capilano College			
College of New Caledonia			
College of the Rockies			
Douglas College			
Emily Carr Institute of Art and Design			
Institute of Indigenous Government			
Justice Institute of British Columbia			**
Kwantlen University College			
Langara College	**	Auditor General	Auditor General
Malaspina University College			**
Nicola Valley Institute of Technology			
North Island College			
Northern Lights College			
Northwest Community College			
Okanagan University College			
Selkirk College			
University College of the Cariboo [The]			
University College of the Fraser Valley			
Vancouver Community College	**	**	**
School Districts			
School District No. 5 (South East Kootenay)			
School District No. 6 (Rocky Mountain)			
School District No. 8 (Kootenay Lake)			
School District No. 10 (Arrow Lakes)			
School District No. 19 (Revelstoke)			
School District No. 20 (Kootenay-Columbia)			
School District No. 22 (Vernon)			

Organization Name	Fiscal 2004/2005	Fiscal 2005/2006	Fiscal 2006/2007
	auditor	auditor	auditor
School District No. 23 (Central Okanagan)			
School District No. 27 (Cariboo-Chilcotin)			
School District No. 28 (Quesnel)			
School District No. 33 (Chilliwack)			
School District No. 34 (Abbotsford)			
School District No. 35 (Langley)			
School District No. 36 (Surrey)			
School District No. 37 (Delta)			
School District No. 38 (Richmond)		**	Auditor General
School District No. 39 (Vancouver)			
School District No. 40 (New Westminster)			
School District No. 41 (Burnaby)			
School District No. 42 (Maple Ridge-Pitt Meadows)			
School District No. 43 (Coquitlam)			
School District No. 44 (North Vancouver)			
School District No. 45 (West Vancouver)			
School District No. 46 (Sunshine Coast)			
School District No. 47 (Powell River)			
School District No. 48 (Howe Sound)			
School District No. 49 (Central Coast)			
School District No. 50 (Haida Gwaii-Queen Charlotte)			
School District No. 51 (Boundary)			
School District No. 52 (Prince Rupert) (small)			
School District No. 53 (Okanagan-Similkameen)			
School District No. 54 (Bulkley Valley)			
School District No. 57 (Prince George) (Med)	**	**	**
School District No. 58 (Nicola-Similkameen)			
School District No. 59 (Peace River South)			
School District No. 60 (Peace River North)			
School District No. 61 (Greater Victoria)			

Organization Name	Fiscal 2004/2005	Fiscal 2005/2006	Fiscal 2006/2007
	auditor	auditor	auditor
School District No. 62 (Sooke)			
School District No. 63 (Saanich) (Med)			**
School District No. 64 (Gulf Islands)			
School District No. 67 (Okanagan-Skaha)			
School District No.68 (Nanaimo-Ladysmith) (Med)	Auditor General	Auditor General	Auditor General
School District No. 69 (Qualicum)			
School District No. 70 (Alberni)			
School District No. 71 (Comox Valley)			
School District No. 72 (Campbell River)			
School District No. 73 (Kamloops-Thompson) (Med)	**	**	
School District No. 74 (Gold Trail)			
School District No. 75 (Mission)			
School District No. 78 (Fraser-Cascade)			
School District No. 79 (Cowichan Valley)			
School District No. 81 (Fort Nelson)			
School District No. 82 (Coast Mountains)			
School District No. 83 (North Okanagan-Shuswap)			
School District No. 84 (Vancouver Island West)			
School District No. 85 (Vancouver Island North)			
School District No. 87 (Stikine)			
School District No. 91 (Nechako Lakes)			
School District No. 92 (Nisga'a)			
School District No. 93 (Francophone Education Authority)			
School District 99 consolidation*	Auditor General	Auditor General	Auditor General
Universities			
Royal Roads University			
Simon Fraser University	**	**	**
University of British Columbia	Auditor General	Auditor General	Auditor General

Organization Name	Fiscal 2004/2005	Fiscal 2005/2006	Fiscal 2006/2007
	auditor	auditor	auditor
University of Northern British Columbia University of Victoria	**	**	**
Health Authorities			
Fraser Health Authority	Auditor General	Auditor General	Auditor General
Interior Health Authority	**	**	**
Northern Health Authority	**	**	**
Provincial Health Services Authority	**	**	**
Vancouver Coastal Health Authority	**	**	**
Vancouver Island Health Authority	**	**	**
Hospital Societies			
Menno Hospital			
Mount St. Mary Hospital			
Nisga'a Valley Health Board			
Providence Health Care [includes: Chara Health Care Society, Holy Family Hospital, St. Paul's Hospital]	**	**	**
Saint Mary's Hospital			
St. Joseph's General Hospital			
St. Michael's Centre			
The Jewish Home for the Aged of British Columbia			
Children and Family Services Regional Authorities			
Interim Authority for Community Living Services	Auditor General	NA	NA
Provincial Authority for Community Living Services	Auditor General	Auditor General	**
Trust Funds			
BC Public Service Long Term Disability Plan			
BC Rail Ltd. Pension Plan			
Members of the Legislative Assembly Superannuation Account			

Organization Name	Fiscal 2004/2005	Fiscal 2005/2006	Fiscal 2006/2007
	auditor	auditor	auditor
Provincial Employees Community Services Fund	Auditor General	Auditor General	Auditor General
Public Guardian & Trustee (Estates & Trusts)	Auditor General	**	**
Crown Corporations			
552513 BC Ltd	Auditor General	Auditor General	Auditor General
British Columbia Assessment Authority	Auditor General	Auditor General	Auditor General
British Columbia Buildings Corporation	**	**	Auditor General
British Columbia Community Financial Services Corporation			
British Columbia Festival of the Arts Society **[August Y/E]**			
British Columbia Games Society			
British Columbia Housing Management Commission	**	**	**
British Columbia Hydro Power Authority	**	**	**
British Columbia Immigrant Investment Fund Ltd.			
British Columbia Investment Fund Management Ltd.			
British Columbia Lottery Corporation		Auditor General	Auditor General
British Columbia Pavilion Corporation	**	**	**
British Columbia Railway Company **[Dec Y/E]**	**	**	**
British Columbia Securities Commission	Auditor General	Auditor General	Auditor General
British Columbia Transit		**	**
British Columbia Transmission Corp. ^	Auditor General	Auditor General	Auditor General
British Columbia Transportation Financing Authority	Auditor General	Auditor General	Auditor General
Canadian Blood Services			
Centre for Education Information			
Columbia Basin Trust			
Columbia Power Corporation	Auditor General	Auditor General	Auditor General
Credit Union Deposit Insurance			
Creston Valley Wildlife Management Authority			
First Peoples' Heritage, Language & Culture Council			
Forestry Innovation Investment Ltd. ^	Auditor General	Auditor General	Auditor General

Organization Name	Fiscal 2004/2005	Fiscal 2005/2006	Fiscal 2006/2007
	auditor	auditor	auditor
Homeowner Protection	**		
Industry Training Authority ^	Auditor General	Auditor General	Auditor General
Insurance Corporation of British Columbia **[Dec Y/E]**	**	**	**
Land and Water BC	Auditor General	Auditor General	Auditor General
Legal Services Society	**	**	**
Liquor Distribution Branch	Auditor General	Auditor General	Auditor General
Oil and Gas Commission	Auditor General	Auditor General	Auditor General
Okanagan Valley Tree Fruit Authority **[winding up]—**			NA
Organized Crime Agency of BC			
Pacific National Exhibition **[Dec Y/E] [winding up]**			
Pacific Technology Resources Society	Auditor General	Auditor General	
Partnerships British Columbia	Auditor General	Auditor General	Auditor General
Private Post-Secondary Education Commission **[winding up]**		NA	NA
Provincial Capital Commission			
Provincial Rental Housing Corporation	**	**	**
Public Guardian & Trustee (Ops)	Auditor General	**	**
Rapid Transit Project 2000 Ltd.	**	**	**
Royal BC Museum	**	**	**
Science Council of British Columbia			
Tourism British Columbia	Auditor General	Auditor General	Auditor General
Vancouver Convention Center Expansion Project ^	Auditor General	Auditor General	Auditor General
Vancouver Trade and Convention Centre Authority	Auditor General	Auditor General	Auditor General

Key:

Auditor General – the Auditor General is the appointed auditor.

Blank cells – an auditor other than the Auditor General is the appointed auditor.

^ New entity

* The government plans to prepare consolidated financial statements for school boards as at March 31 each year to facilitate preparation of the government's Summary Financial Statements in accordance with GAAP.

** Extended procedures to support reliance by the Auditor General.

NA No audit required (e.g. wind-ups).

Appendix B: Auditor General Act

Definitions

1 (1) In this Act:

"audit" means an audit conducted in accordance with generally accepted auditing and assurance standards;

"Auditor General" means the Auditor General appointed under section 2;

"committee" means the committee of the Legislative Assembly that the Legislative Assembly has specified for the purpose;

"government" means the government as reported through the consolidated revenue fund;

"organization" means a corporation or an unincorporated body;

"trust fund" means a fund held in trust by

(a) the government,

(b) a minister, or

(c) a government organization.

(2) To the extent that this Act does not otherwise define a word or expression used in this Act,

(a) the definitions in the Budget Transparency and Accountability Act apply, and

(b) the definitions in the Financial Administration Act apply if those definitions are made to apply to the Budget Transparency and Accountability Act in accordance with section 1 (2) of that Act.

Appointment of Auditor General

2 (1) The Auditor General and an acting Auditor General are officers of the Legislature.

(2) The Legislative Assembly, by resolution, may appoint a person to be the Auditor General.

(3) An Auditor General holds office

(a) on being appointed to a first term, for 6 years, and

(b) if appointed for a second term, for a period of up to 6 years as specified in the reappointment resolution.

(4) The Legislative Assembly must not appoint a person under subsection (2) who has not previously been appointed Auditor General, unless the committee unanimously recommends the appointment of the person.

(5) The Legislative Assembly must not appoint an Auditor General for a second term under subsection (2) unless

(a) the Auditor General notifies the committee at least 6 months before the end of the first term that he or she wishes to be considered for reappointment, and

(b) the committee unanimously recommends the reappointment within 60 days of being notified by the Auditor General under paragraph (a).

(6) A person must not be appointed under subsection (2) for a third or subsequent term.

Oath of office

3 Before assuming office, the Auditor General or acting Auditor General must take an oath before the Clerk of the Legislative Assembly to exercise the powers and perform the duties of the Auditor General faithfully and impartially.

Remuneration and expenses

4 (1) The Auditor General must be paid out of the consolidated revenue fund a salary equal to that of the chief judge of the Provincial Court of British Columbia.

(2) The Auditor General must be reimbursed for reasonable travelling and out of pocket expenses necessary to exercise the powers and perform the duties of the Auditor General.

Application of Public Sector Pension Plans Act

5 (1) The public service plan as defined in section 1 of the Public Sector Pension Plans Act applies to the Auditor General.

(2) To calculate the amount of a pension under the public service plan for the Auditor General holding that office on the coming into force of this Act,

(a) each year of service as Auditor General must be counted as 1 1/2 years of pensionable service, and

(b) paragraph (a) does not apply to a year of service as Auditor General served after the end of the term as Auditor General that was being served on the coming into force of this Act.

Resignation, removal or suspension of Auditor General

6 (1) The Auditor General may resign from office at any time by giving written notice

(a) to the Speaker of the Legislative Assembly, or

(b) if the Speaker is absent from British Columbia or there is no Speaker, to the Clerk of the Legislative Assembly.

(2) By a resolution passed by 2/3 or more of the members present in the Legislative Assembly, the Auditor General, for cause or incapacity, may be suspended from office, with or without salary, or removed from office.

(3) If the Legislative Assembly is not sitting and is not scheduled to sit within 5 days, the committee may suspend, by unanimous resolution, the Auditor General for cause or incapacity, with or without salary, for a period that must be set by the committee to end not later than on the expiry of a further 20 sitting days of the Legislative Assembly.

Appointment of acting Auditor General

7 (1) If the Auditor General is suspended or the office is vacant, the Legislative Assembly, on the recommendation of the committee, may appoint an acting Auditor General to exercise the powers and perform the duties of the Auditor General until an appointment is made under section 2 or the suspension ends.

(2) If the Auditor General is suspended or the office is vacant, and if the Legislative Assembly is not sitting and is not scheduled to sit within 5 days, the committee may appoint an acting Auditor General to exercise the powers and perform the duties of the Auditor General

(a) if the Auditor General is suspended under section 6 (2), until the suspension ends,

(b) if the Auditor General is suspended under section 6 (3), for the period set by the committee under that subsection, or

(c) if the office of Auditor General is vacant, until an appointment is made under section 2.

Staff

8 (1) The Auditor General may appoint, in accordance with the Public Service Act, a deputy Auditor General and the other employees necessary for the exercise of the powers and the performance of the duties of the Auditor General.

(2) The Auditor General may engage and set the remuneration for the persons, in capacities other than as employees, that the Auditor General considers necessary for the exercise of the powers and the performance of the duties of the Auditor General.

(3) For purposes of the application of the Public Service Act to this section, the Auditor General is a deputy minister.

Confidentiality

9 The Auditor General, or a person appointed or engaged under section 8, must keep in confidence all information obtained in the exercise of a power or in the performance of a duty of the Auditor General and must not communicate this information to any person except

(a) in the course of the administration of an enactment, or

(b) in court proceedings.

Auditor appointment

10 (1) The Auditor General is the auditor of the government reporting entity.

(2) The Auditor General is the auditor of each

(a) ministry,

(b) office administered by

(i) an officer of the Legislature, or

(ii) the person appointed commissioner under section 14 of the Members' Conflict of Interest Act, and

(c) fund or appropriation that is part of the consolidated revenue fund.

(3) The auditor for a government organization or a trust fund is,

(a) if the Auditor General has elected to be the auditor in accordance with subsection (4), the Auditor General during the fiscal years covered under that subsection, or

(b) if the Auditor General has not elected to be the auditor in accordance with subsection (4), the auditor appointed in accordance with the plan approved under subsection (9).

(4) The Auditor General may elect to be the auditor of a government organization or a trust fund for any of the first 3 fiscal years of the government organization or a trust fund.

(5) Except as provided in the plan approved under subsection (9), the Auditor General must not be appointed as auditor of a government organization or a trust fund for a period of more than 5 consecutive fiscal years of the government organization or trust fund.

(6) The Auditor General must provide to the committee during each fiscal year of the government a plan for the appointment of auditors for government organizations and trust funds for the following 3 fiscal years of the government.

(7) A plan provided to the committee under subsection (6) must include the following information:

(a) a list of the government organizations and trust funds for which the Auditor General proposes that the Auditor General be appointed;

(b) a list of the government organizations and trust funds for which the Auditor General proposes that other auditors be appointed;

(c) the implications of the plan on the budget of the Auditor General;

(d) a request for exemption from the prohibition in subsection (5) against being appointed auditor of a government organization or a trust fund for a period of more than 5 consecutive fiscal years of the government organization or a trust fund;

(e) the criteria and selection process for the appointment of the auditors of government organizations and trust funds;

(f) the involvement of the Auditor General in the audit process for government organizations and trust funds, for which auditors other than the Auditor General are the auditors;

(g) a summary of consultations in respect of the plan, with officials of those government organizations and trust funds referred to in paragraph (b).

(8) Together with the plan under subsection (6), the Auditor General may provide the committee with an assessment of the financial statement audit process for all government organizations and trust funds.

(9) The committee must approve the plan, including any amendments the committee makes to the plan before giving its approval.

(10) The Auditor General must administer the auditor appointment process in accordance with the plan approved under subsection (9).

(11) If a government organization or trust fund appoints an auditor, or is required under its constitution, articles, bylaws or trust instrument to appoint an auditor, or if an auditor is appointed for it by or in accordance with another enactment, the appointment or requirement to appoint by or under the constitution, articles, bylaws, trust instrument or other enactment does not apply if the plan approved under subsection (9) provides for the appointment of a different auditor.

(12) In this section, except in subsection (2), "auditor" means an auditor of financial statements.

Mandate

11 (1) The Auditor General must report each year, in accordance with generally accepted auditing and assurance standards, to the Legislative Assembly on the financial statements of the government reporting entity.

(2) The report under subsection (1) must state whether these financial statements are presented fairly in accordance with generally accepted accounting principles.

(3) The auditor in accordance with section 10 (3) must report each year on the financial statements of the government organizations and of the trust funds, in accordance with generally accepted auditing and assurance standards, to

(a) the boards of management of the government organizations and the trustees of the trust funds to which the appointment is made, and

(b) the minister responsible.

(4) An auditor of a government organization or a trust fund must audit the government organization or a trust fund as the Auditor General considers advisable to enable the Auditor General to exercise the powers and perform the duties of the Auditor General.

(5) For the purposes of subsection (4), the Auditor General may conduct or cause to be conducted any further examinations that the Auditor General considers advisable.

(6) The Auditor General may audit an individual or organization in relation to

(a) a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by, or

(b) the collection of money for or on behalf of, the government, a government organization or a trust fund.

(7) An audit under subsection (6) must be limited to whether any terms and conditions applicable in respect of

(a) a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, government organization or a trust fund, or

(b) the collection referred to in subsection (6) (b)

have been fulfilled.

(8) The Auditor General must report to the Legislative Assembly one or more times each fiscal year of the government and call attention to anything resulting from the work undertaken to exercise the powers and perform the duties of the Auditor General that the

Auditor General considers should be brought to the attention of the Legislative Assembly, including any assessments concerning whether

(a) financial and administrative provisions of Acts and regulations under those Acts have been complied with,

(b) the government, a government organization or a trust fund is operating economically, efficiently and effectively,

(c) the procedures established by the government, government organizations or trust funds to measure and report on the effectiveness of their programs are adequate and complied with,

(d) the accountability information provided to the Legislative Assembly by the government, government organizations and trust funds with respect to the results of their programs is adequate,

(e) the terms and conditions applied in respect of a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, a government organization or a trust fund to any individual or another organization have been complied with, and

(f) the terms and conditions applied in respect of a collection of money on behalf of the government, a government organization or by or on behalf of a trust fund have been complied with.

(9) A report under subsection (8) or section 12 or an examination under section 13 must not call into question the merits of program policies or objectives of the government, a government organization or a trust fund.

(10) A report under subsection (8) must

(a) be transmitted by the Auditor General to the Speaker,

(b) if the Legislative Assembly is sitting or is scheduled to sit within 5 days of the Speaker receiving the report, be laid by the Speaker before the Legislative Assembly as soon as possible,

(c) if the Legislative Assembly is not sitting and is not scheduled to sit within 5 days of the Speaker receiving the report, be forwarded by the Speaker to all members of the Legislative Assembly as soon as possible and released to the public, and

(d) be referred by the Legislative Assembly to the Select Standing Committee on Public Accounts as soon as possible.

(11) The Auditor General must transmit a report issued under subsection (1) to the Minister of Finance at least 7 days before the report is transmitted to the Speaker of the Legislative Assembly.

(12) The Auditor General must transmit a report issued under subsection (8) to the ministry responsible for the administration of the matter included in the report at least 7 days before that report is transmitted to the Speaker of the Legislative Assembly.

Other reports

12 The Auditor General may make a report at any time to the Legislative Assembly, a minister, the Treasury Board, the Executive Council or an officer or employee of the government or of a government organization that, in the opinion of the Auditor General, should be made to that person or organization.

Other examinations

13 (1) The Auditor General may undertake an examination

(a) respecting the government, a government organization or a trust fund, or

(b) in relation to a grant, a transfer under an agreement, an advance of money, a loan, a guarantee for the performance of an obligation, or an indemnity given by the government, a government organization or a trust fund.

(2) An examination must be undertaken under subsection (1) on a request by the Legislative Assembly or a committee.

(3) An examination may be undertaken under subsection (1) on the request of a person or an organization other than the Legislative Assembly or a committee if the Auditor General is satisfied that

(a) it is in the public interest to undertake the examination, and

(b) the undertaking of the examination will not interfere with the discharge of the responsibilities of the Auditor General.

(4) A summary of the findings of the Auditor General resulting from examinations undertaken under subsection (1) must be reported each year to the Legislative Assembly.

Auditing outside the government reporting entity

14 The Auditor General, with the prior consent of the committee, may agree to be appointed, for a term specified by the committee, as the auditor of an organization other than a government organization or a trust fund.

Staff in government or government organizations

15 (1) The Auditor General may place a person appointed or engaged under section 8 in any part of the government or of a government organization to assist the Auditor General to exercise the powers and perform the duties of the Auditor General.

(2) If a person is placed, under subsection (1), in a part of the government or a government organization, office accommodation in the part must be provided for that person by the managers of that part.

(3) Each person employed with the Auditor General who is to examine the accounts or the administration of the government or of a government organization under this Act must comply with security requirements applicable to persons employed in the government or the government organization.

Access to information, documents or things

16 Despite any other enactment, the Auditor General, in the conduct of the Auditor General's duties, must be given access to records, information and any explanations required from a person or organization for the Auditor General to exercise the powers and perform duties of the Auditor General.

Summons and requests

17 (1) The Auditor General may

(a) summons the attendance of witnesses,

(b) request that witnesses give evidence on oath or in any other manner, and

(c) request that witnesses produce records, securities and things

for the purposes of section 11 or of an examination undertaken under section 13.

(2) A witness is liable, on application to the Supreme Court by the Auditor General, to be committed for contempt as if in breach of an order or judgment of the Supreme Court if the witness

(a) is summoned as described in subsection (1) (a), and

(b) fails or refuses to attend or to take an oath described in subsection (1) (b).

(3) If a witness receives

(a) a request described in subsection (1) (b) and fails or refuses to give evidence as requested, or

(b) a request described in subsection (1) (c) and fails or refuses to produce records, securities and things in the witness's custody or possession as requested,

the Auditor General may apply to the Supreme Court for an order that the witness comply with the request.

Protection against lawsuits

18 (1) Subject to subsection (2), no legal proceeding for damages lies or may be commenced or maintained against the Auditor General or a person appointed or engaged under section 8 because of anything done or omitted in

(a) the exercise or intended exercise of any power of the Auditor General, or

(b) the performance or intended performance of any duty of the Auditor General.

(2) Subsection (1) does not apply to a person in relation to anything done or omitted in bad faith.

(3) Subsection (1) does not absolve the Government of the Province of British Columbia from vicarious liability arising out of anything done or omitted by a person referred to in that subsection for which the Government of the Province of British Columbia would be vicariously liable if this section were not in force.

(4) The Government of the Province of British Columbia must indemnify any person referred to in subsection (1) for any costs or expenses incurred by the person in any legal proceedings taken

against the person for anything done or not done in good faith as described in subsection (1) (a) or (b).

Preparation of estimates for appropriation purposes

19 (1) For each fiscal year, the Auditor General must present to the committee

(a) a service plan that includes a statement of goals and identifies specific objectives and performance measures that will be required, and

(b) an estimate of the resources, stated in a form suitable for inclusion in the main estimates that will be required,

to exercise the powers and perform the duties of the Auditor General during the upcoming fiscal year.

(2) The committee must review and may adjust as it considers appropriate the estimate it receives under subsection (1) (b) and must transmit the resulting estimate to the Minister of Finance.

(3) The estimate transmitted under subsection (2) is deemed to be recommended by the committee and must be included by the Minister of Finance as part of the main estimates for the upcoming fiscal year submitted to the Lieutenant Governor for recommendation to the Legislative Assembly.

(4) Notice of meetings of the committee for the purposes of subsection (2) must be given to the Auditor General and to the chair of Treasury Board.

Fees

20 (1) The Auditor General may charge fees, on a basis approved by the committee, for services performed on behalf of the Auditor General.

(2) If a vote described in section 23 (3) of the Financial Administration Act providing for the expenses of the Auditor General contains a recovery for fees collected under subsection (1) of this section, the reference in section 23 (3) (c) of the Financial Administration Act to the Treasury Board is deemed to be a reference to the committee for the purpose of approving the expenditure by the Auditor General of amounts collected as fees described by subsection (1).

(3) Subsection (2) applies despite the Financial Administration Act.

Financial Administration Act and Public Service Act

21 (1) The committee may recommend to Treasury Board that a regulation, an order or a directive made under the Financial Administration Act be made inapplicable to, or be varied in respect of, the Auditor General.

(2) The committee may recommend to the minister responsible for the administration of the Public Service Act that the Public Service Act, or a regulation or an order made under that Act be made inapplicable to, or be varied in respect of, the Auditor General.

Accountability of Auditor General

22 (1) The Auditor General must report each year before June 30 to the Legislative Assembly on the attainment of the goals and the specific objectives and performance measures of the Auditor General set out in the statement referred to in section 19 (1) (a), and this report must include financial statements for the Auditor General prepared in accordance with generally accepted accounting principles.

(2) A report under subsection (1) must compare actual results for the preceding fiscal year with the expected results identified in the service plan for the Auditor General for that fiscal year.

(3) The Auditor General must deliver a report described in subsection (1) to the Speaker and the Speaker must lay the report before the Legislative Assembly as soon as possible.

Audit of accounts of Auditor General

23 (1) The committee must appoint an independent auditor to audit the financial statements of the Auditor General for each of the remaining fiscal years of the Thirty-seventh Parliament of British Columbia.

(2) During the First Session of the Thirty-eighth Parliament of British Columbia, and during the First Session of each Parliament of British Columbia thereafter, the committee must appoint an independent auditor to audit the financial statements of the Auditor General for each of the fiscal years to be completed during the term of the Parliament.

(3) On completing an audit under subsection (1) or (2) for a fiscal year, an auditor must submit a report on the results of the audit to the Auditor General.

(4) An auditor appointed under subsection (1) or (2) may also audit the appropriateness and reliability of the performance information contained in the annual report of the Auditor General.

(5) The report under subsection (3) must be included in the report under section 22.